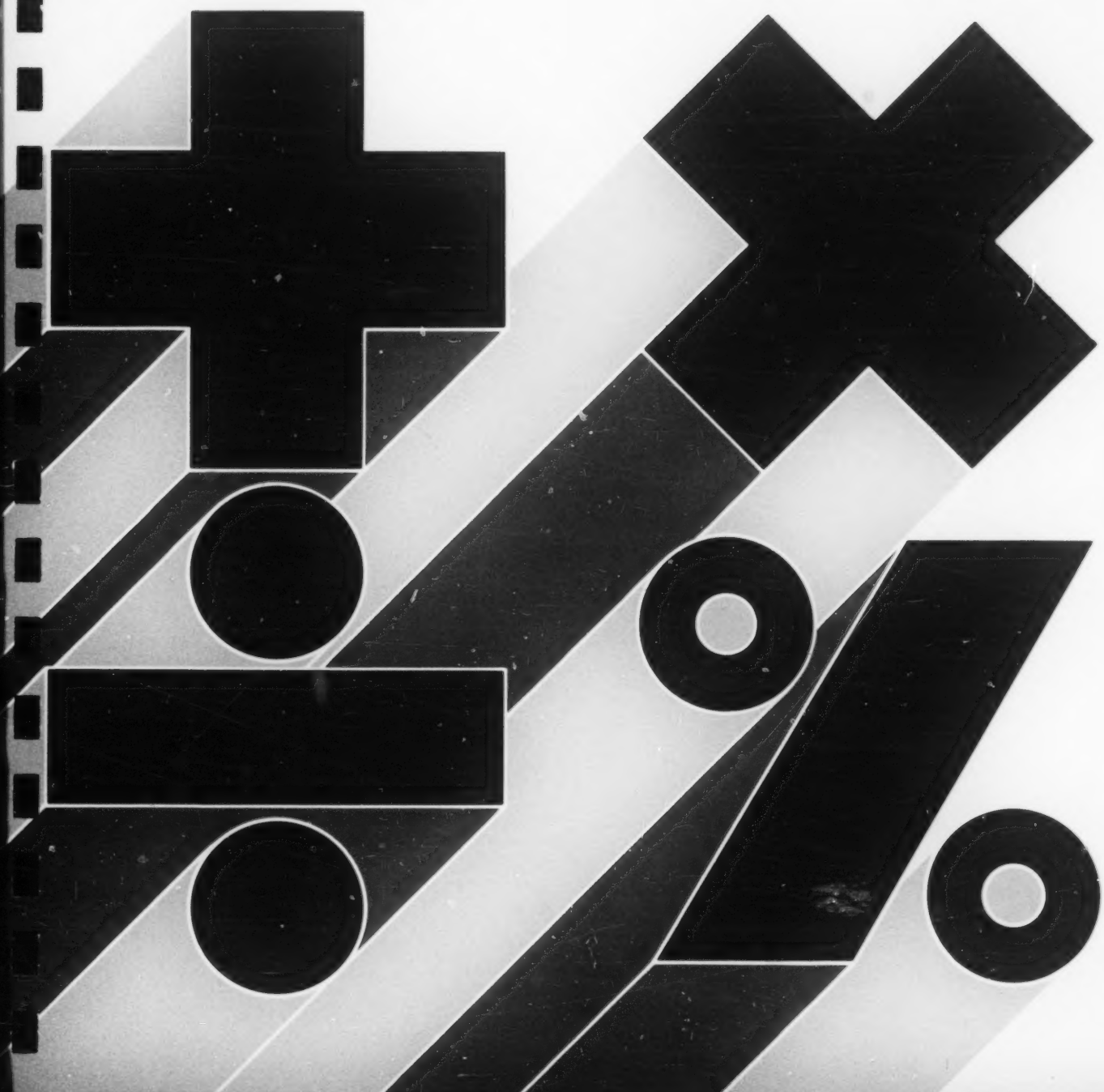
- A5785-3U 9186 -

Ratio Study

1985 – 86 Edition

International Business Forms Industries, Inc.



1985-86 ANNUAL RATIO STUDY

Prepared at the direction of the IBFI Financial Management Committee of International Business Forms Industries, Inc., for the benefit of the Industry and its customers.

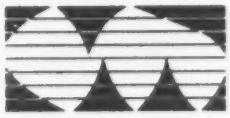
COMMITTEE MEMBERS

Jeffrey Ward, Chairman - Continu-Forms, Inc.
Henry Bensman - Harris Graphics S.A./B.F.S.D.
Darwin Kilday - Superior Business Forms
Neil Kirkpatrick - Falcon Business Forms
Richard Ling - Format Printing Company
William Riley - Allied Business Forms
Thomas Thomasma - Telemark Corporation
Bill Williams - West Virginia Business Forms

IMPLEMENTATION BY THE IBFI STAFF

Douglas C. Taylor ..... Director, Economic and Market Research
Christina L. Hosp ..... Economic and Market Research Associate

International Business Forms Industries, Inc.



This report, or any part thereof, must not be reproduced in any form without the written permission of the publisher.

Copyright© 1986, by International Business Forms Industries, Inc.
1730 North Lynn Street, Arlington, Virginia 22209

OFFICERS

CHAIRMAN - Gary J. Hurt, Jordan Graphics, Inc.
FIRST VICE-CHAIRMAN - John T. Kennedy, A. J. Kennedy & Company, Inc.
VICE CHAIRMAN/NORTH AMERICA - Andre Beaudet, Southam Business Forms
VICE CHAIRMAN/EUROPE - Anthony W. Merrick, The Standard Check Book Co., Ltd.
VICE CHAIRMAN/AT LARGE - Michael C. McDonough, Dataforms, Inc.
TREASURER - Thomas A. Wachsmuth, Professional Business Forms
IMMEDIATE PAST CHAIRMAN - Johan van Oostveen, Rotaform
ASSOCIATES CHAIRMAN - Jack L. Fricke, Coated Papers, Inc.

DIRECTORS

Tetsuo Asahi, Toyo Shigyo Printing Co., Ltd.
Charles R. Levy, Interprint Formularios Ltda.
John D. Pepper, Lithosaver Systems (Pty) Ltd.
William C. Seki, Classic Business Forms, Inc.
Wister Shreve, Character Technologies, Inc.
Robert N. Wesley, Jr., Wesley Business Forms
Ryuichi Kotani, Iseto Shiko Company, Ltd.
Peter S. Redding, The Standard Register Co.
Frank J. Roberts, General Forms Equipment Co., Inc.
George H. Schnyder, International Business Systems, Inc.
Elwin H. Simon, Datatel Resources Corporation
Baldev Sud, Business Forms Limited
C.G. (Kees) de Vries, DRENT-Eerbeek-Holland
Jack L. Fricke, Coated Papers, Inc.
Max Jud, Baumer AG
Eric W. Van Allen, Safeguard Business Systems Ltd.
William C. Williams, Mutual Business Forms Corporation

TABLE OF CONTENTS

	Page
Executive Summary	5
I. Introduction	7
II. Summary Statistics	11
Notes on Computing Ratios	12
All Firms	13
Volume Groups	17
Product Line - Direct (Consumer)	21
Product Line - Indirect (Dealer)	25
Key Ratio Analysis	29
Cost of Production Analysis	36
Value Added Analysis	39
Appendices	
Appendix A - Using the Ratio Study	41
Appendix B - IBFI Chart of Accounts and Ratio Study Questionnaire	47

LIST OF TABLES

	Page
Absolute Data	9
Summary Statistics	
All Firms	13
Volume Groups	17
Product Line - Direct (Consumer)	21
Product Line - Indirect (Dealer)	25
Gross Profit	30
Net Pre-Tax Income as Percent of Sales	31
Return on Investment (ROI)	32
Gross Income per Employee	33
Collection Days of Receivables	34
Net Worth as Percent of Fixed Assets	35
Cost of Production Analysis	37
Value Added Analysis	39

NOTE TO PARTICIPANTS

This report was prepared with the assistance of the accounting firm Garrison, Mathieson, Cosgray & Falk. Throughout the production of this report, every possible step has been taken to ensure the confidentiality of participants' financial data.

Garrison, Mathieson, Cosgray & Falk conducted the study according to the IBFI Guidelines for Research Programs. While they did not audit the source data used to prepare the various schedules in the report, they did review the reports for completeness, accuracy and plausibility. Where necessary, participants were contacted on questionable items.

Published data does not include information based on fewer than three responses nor does it include information in which more than 60 percent of the observed variable is due to a single response. The criteria used to determine which companies fall in the Leaders category is Return on Sales (income before tax as a percent of sales) of at least 8%.

Please remember to use care in comparing the data in this report with that in reports published in previous years. Although the bulk of the participants make an annual response to this survey, in any given category the sample can change quite significantly from one year to the next.

GARRISON, MATHIESON, COSGRAY & FALK, CHARTERED
Certified Public Accountants
HILLCROFT ONE
6310 STEVENS FOREST ROAD
COLUMBIA, MARYLAND 21046

JOHN W. GARRISON, CPA
JOHN M. MATHIESON, CPA
GEHRIG C. COSGRAY, CPA
ROBERT L. FALK, CPA

WASHINGTON, D.C. AREA (301) 621-5550
BALTIMORE AREA (301) 995-0561

July 17, 1986

To Participants
International Business Forms
Industries, Inc.
Operating Cost Survey

We have tabulated the International Business Forms Industries, Inc. Operating Cost Survey for the year ended December 31, 1985.

Ninety-seven companies participated in the survey. All participants will receive individual reports which have been prepared in confidence by Garrison, Mathieson, Cosgray & Falk, Chartered.

The data shown are derived from amounts reported to us by the participants. Source data should not be construed as having been audited by us; however, we have reviewed the questionnaires for clerical errors and missing data and, where necessary, corresponded with the reporting companies on questionable items.

If you have any questions regarding this report, please do not hesitate to contact us.

Very truly yours,

GARRISON, MATHIESON, COSGRAY
AND FALK, CHARTERED

Enclosures

EXECUTIVE SUMMARY

The forms industry entered 1985 on the heels of a sterling performance in 1984, when a booming economy and falling paper prices produced the industry's strongest year since 1979. However, these conditions proved too good to last: when the economy slowed in 1985, the forms industry soon followed.

Results of the 1985-86 Ratio Study indicate that, despite slower industry growth last year, most forms manufacturers did a good job of managing their assets and controlling costs. As a result, bottom-line results for 1985 are comparable to 1984, though slightly lower.

Among all companies participating in the Ratio Study, the average return on investment was 9.75%, compared to 10.12% in 1984. Among the profit leaders -- companies with pre-tax return on sales of at least 8% -- ROI was 15.48%, just below 1984's mark of 16.28%.*

Gross profit margins were up slightly over 1984, as forms manufacturers continued to benefit from depressed paper prices. However, these benefits shrivelled as the year progressed and the downward pressure on forms prices intensified.

Other results from the 1985-86 Ratio Study show that forms manufacturers increased the liquidity of their assets, reduced debt, and improved their management of accounts receivable. These and other actions reflect a perceived need within the industry to respond to conditions of decreasing profitability through better management of people and other assets.

---

* The sample of companies included in the Ratio Study is not consistent from one year to the next; thus, any firm conclusions based strictly on a year-to-year comparison of ratios are suspect. However, general trends affecting the industry may be better grasped through such a comparison.

I. INTRODUCTION

Ninety-seven companies responded to this survey, representing about 18% of the companies in the industry and 24% of industry shipments.

Over 80% of sales were generated by companies with annual sales over $8 million. These firms also earned more than 90% of the profits among the firms participating in this study.

The average company in the sample earned 5.9% on sales; for the 47 companies that qualified as profit leaders, return on sales averaged 9.8% (profit leaders must have return on sales of 8% or better). The most profitable category was firms with annual sales between $8-15 million; these earned 9.9% pretax profit on sales and achieved a 13.6% return on investment.

The accompanying table summarizes the total values for key variables.

ABSOLUTE DATA

	# of Firms	Total Sales	Value of Production	Pretax Net Income	Total Assets	Workers
ALL FIRMS	97	1,450,309,076	1,442,480,148	84,900,259	672,866,477	15,796
By Company Size						
Under $3 million	14	25,642,917	25,515,340	666,138	11,658,667	601
$3-8 million	41	206,306,651	205,280,250	9,061,007	94,029,056	4,114
$8-15 million	21	228,595,010	226,844,261	22,481,349	138,717,074	3,397
Over $15 million	21	989,764,498	984,840,297	52,691,765	428,461,680	7,684
By Distribution Channel						
Direct	35	829,611,728	826,135,950	38,837,737	360,764,592	6,792
Indirect	55	451,420,702	448,461,678	34,236,593	245,300,755	8,529
Combination	7	169,276,646	167,882,520	11,825,929	66,801,130	475
By Product						
Custom Continuous						
Direct	6	46,001,326	44,907,275	3,075,750	21,820,077	1,011
Indirect	25	273,483,268	272,829,348	26,634,824	161,481,991	4,044
Unit Sets						
Direct	2	32,117,469	30,025,848	2,415,804	13,367,644	1,067
Indirect	11	52,907,801	51,112,021	2,156,835	24,065,362	986
Mixed Product						
Direct	27	751,492,933	751,202,827	33,346,183	325,576,871	4,714
Indirect	18	118,564,886	117,806,047	5,248,540	57,119,465	3,445
Stock Continuous						
Direct	0	*	*	*	*	*
Indirect	1	*	*	*	*	*
By Order Size						
0 - 10,000	21	247,641,696	245,267,781	22,613,215	138,025,802	3,421
10 - 25,000	50	736,411,339	735,387,000	32,747,827	313,167,657	8,143
25 - 50,000	16	306,666,340	305,009,610	19,991,703	141,443,431	2,595
50 - 100,000	7	89,899,432	88,274,700	5,432,660	44,139,674	1,146
Over 100,000	3	69,690,269	68,541,057	4,114,854	36,089,913	491

*insufficient data

II. SUMMARY STATISTICS

The following tables present summary statistics for all companies participating in the survey. Statistics are presented for all firms, and are broken down by sales volume, primary product line, and primary distribution channel.

NOTES ON COMPUTING RATIOS

Gross plant investment is the total of all fixed assets before depreciation. Investment used to compute ROI is gross plant investment plus current assets.

Inventory turnover is expressed as times per year. It is total value of production divided by total inventories.

Days raw materials in inventory is computed by dividing raw materials inventory by total materials used multiplied by 365 days.

Collection days of receivables is computed by dividing accounts receivable by value of production divided by 365 days.

Cash flow ROI is computed by multiplying pretax income by 50% and adding depreciation. Net losses are deducted from depreciation.

Debt/Equity ratio refers to long-term debt only.

Other ratios are self-explanatory. See the Chart of Accounts (Appendix B) for a description of items included in each account.

	IBFI ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	92.75	97.54
OUTSIDE PURCHASES	7.25	2.46
VALUE OF PRODUCTION	100.00	100.00
COST OF PRODUCTION		
MATERIALS		
PAPER	36.65	36.64
CARBON	3.33	3.20
OTHER	2.54	2.45
OUTSIDE FINISHED PRODUCT	3.10	2.35
TOTAL MATERIALS USED	45.62	44.64
FACTORY PAYROLL		
SUPERVISORY SALARIES	2.06	1.98
WAGES DIRECT		
PREPRESS	1.99	1.71
PRESS	5.24	5.06
COLLATOR OPERATORS	2.93	2.57
GENERAL BINDERY	1.02	0.82
TOTAL DIRECT WAGES	11.18	10.16
DIRECT OVERTIME WAGES	0.80	0.73
GEN FACTORY SAL. & WAGES	2.02	1.91
PACK,SHIP & DEL. WAGES	0.98	0.93
PAYROLL TAXES	1.34	1.20
EMPLOYEE BENEFITS	1.99	1.84
TOTAL FACTORY PAYROLL	19.57	18.02
FACTORY FIXED EXPENSES		
OCCUPANCY EXPENSE	1.74	1.52
INSURANCE	0.45	0.24
TAXES	0.69	0.35
DEPRECIATION	2.45	2.47
TOTAL FACTORY FIXED EXP.	5.33	4.58
OTHER FACT. SUPPLIES & EXP.	4.35	4.32
TOTAL FACTORY EXPENSE	9.68	8.90
TOTAL COST OF PRODUCTION	74.87	71.56
GROSS PROFIT-FORMS MFG.	25.13	28.44
OTHER OPERATIONS		
VALUE-OTHER PROD./SERVICES	0.58	0.76
COST-OTHER PROD./SERVICES	0.48	0.55
TOTAL GROSS PROFIT	25.23	28.65

	IBFI ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES		
EXECUTIVE SALARIES	1.65	1.66
OFFICE SALARIES	1.75	1.63
PAYROLL TAXES	0.64	0.23
EMPLOYEE BENEFITS	0.47	0.50
GENERAL OFFICE EXPENSE	2.60	2.48
BAD DEBTS	0.32	0.36
TOTAL ADMIN. EXPENSE	7.43	6.86
SELLING EXPENSE		
EXECUTIVE SALARIES	0.84	0.87
SALESMEN SAL. & COMMISS.	5.31	5.04
SALES-CLERICAL SALARIES	1.15	0.96
PAYROLL TAXES	0.39	0.42
EMPLOYEE BENEFITS	0.65	0.64
TRAVEL & ENTER. EXPENSE	0.48	0.43
GENERAL SELLING EXP.	1.93	2.16
SHIPPING & DEL. EXP.	0.99	0.99
ADVERTISING	0.27	0.22
TOTAL SELLING EXPENSE	12.01	11.73
TOTAL ADMINISTRATIVE & SELLING COST	19.44	18.59
OPERATING INCOME(LOSS)	5.79	10.06
OTHER INCOME & EXPENSE		
GROSS PROCEEDS-SCRAP SALE	0.35	0.31
OTHER INCOME	0.57	0.60
TOTAL OTHER INCOME	0.92	0.91
INTEREST EXPENSE	1.31	0.72
OTHER EXPENSE	0.49	0.51
TOTAL OTHER EXPENSE	1.80	1.23
NET OTHER INCOME(EXPENSE)	-0.88	-0.32
NET INCOME(LOSS) BEFORE TAXES	4.91	9.74
RETURN ON INVESTMENT	9.75	15.48
NUMBER OF COMPANIES	97	47

	IBFI ALL FIRMS	LEADERS
CURRENT ASSETS		
CASH	4.89	5.46
NOTES & ACCTS RECEIVABLE	29.86	28.28
LESS ALLOW. FOR BAD DEBTS	0.77	0.96
NET RECEIVABLES	29.09	27.32
INVENTORIES		
RAW MATERIALS	10.25	9.79
FINISHED PRODUCTS	8.09	6.45
WORK IN PROCESS	2.84	2.98
OTHER	0.26	0.30
TOTAL INVENTORIES	21.44	19.52
OTHER CURRENT ASSETS	3.02	4.04
TOTAL CURRENT ASSETS	58.44	56.34
FIXED ASSETS		
REAL ESTATE	12.98	13.39
LESS ALLOW FOR DEPRE.	3.19	3.14
NET REAL ESTATE	9.79	10.25
MACHINERY & EQUIP.	54.80	54.26
LESS ALLOW FOR DEPRE.	29.81	29.12
NET MACH. & EQUIP.	24.99	25.14
OTHER FIXED ASSETS	3.18	2.67
LESS ALLOW FOR DEPRE.	1.69	1.40
NET OTHER FIXED ASSETS	1.49	1.27
TOTAL FIXED ASSETS	36.27	36.66
OTHER ASSETS	5.29	7.03
TOTAL ASSETS	100.00	100.03
CURRENT LIABILITIES		
NOTES PAYABLE(ONE YEAR)	6.25	3.62
ACCOUNTS PAYABLE	9.83	8.02
OTHER CURRENT LIABIL.	7.68	6.86
TOTAL CURRENT LIABIL.	23.76	18.50
LONG-TERM DEBT	22.51	13.46
OTHER LONG-TERM LIABIL.	2.57	3.06
TOTAL LONG-TERM LIABIL.	25.08	16.52
TOTAL LIABILITIES	48.84	35.02
TOTAL NET WORTH	51.16	65.01
TOTAL LIABILITIES & NET WORTH	100.00	100.00

	IBFI ALL FIRMS	LEADERS
EMPLOYEES		
PERCENT FACTORY	66.30	66.34
PERCENT ADMINISTRATIVE	15.78	13.54
PERCENT SALES	17.92	20.12
PRODUCTIVITY		
SALES/GROSS PLANT INVESTMENT	3.02	2.85
SALES/FACTORY EMPLOYEE	137746.00	142824.00
SALES/ADMIN. EMPLOYEE	578612.00	699567.00
SALES/SALES EMPLOYEE	509530.00	470968.00
SALES/ALL EMPLOYEES	91319.00	94747.00
SALES LESS MAT./FACT. EMP.	76278.00	79072.00
FINANCIAL POSITION		
CURR ASSETS VS CURR LIABIL.	2.46	3.04
LIABILITIES VS NET WORTH	0.96	0.54
DEBT VS EQUITY	0.44	0.21
PAYROLL		
PAYROLL/FACTORY EMPLOYEE	22690.00	21400.00
PAYROLL/ADMIN. EMPLOYEE	19730.00	23030.00
PAYROLL/SALES EMPLOYEE	42180.00	48131.00
PAYROLL/EMPLOYEE	24813.00	23834.00
PREPRESS % OF FACT. PAYROLL	10.10	9.50
PRESS % OF FACT. PAY.	26.48	28.08
COLL. OPER. % OF FACT. PAY.	14.81	14.26
GEN. BINDERY % OF FACT. PAY.	5.17	4.54
OVERTIME WAGE % OF FACT. PAY.	4.05	4.03
TAXES AND BENEFITS		
TAX & BENE./FACTORY EMP.	4582.53	4344.09
TAX & BENE./ADMIN. EMP.	3894.72	4794.54
TAX & BENE./SALES EMP.	7477.69	8090.47
TAX & BENE./EMPLOYEE	5008.71	4915.19
ASSET TURNOVER		
INVENTORY TURNOVER TIMES/YR	10.00	10.32
DAYS RAW MAT. IN INVENTORY	39.12	39.81
COLLECTION DAYS OF RECEIV.	49.53	49.61
INVESTMENT		
NET WORTH % OF FIXED ASSETS	140.88	177.29
AVG PLANT INVEST/FACT. EMP.	45597.70	49957.17
PROFIT		
GROSS PROFIT % OF SALES	25.23	28.65
INCOME BEFORE TAX % OF SALES	5.89	9.75
PROFIT % OF NET WORTH	24.73	30.16
CASH FLOW (ROI)	8.94	11.66
RETURN ON INVESTMENT	9.75	15.48

SALES SIZE	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	97.22	98.05	95.10	96.95	95.19	97.39	91.58	97.66
OUTSIDE PURCHASES	2.78	1.95	4.90	3.05	4.81	2.61	8.42	2.34
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	34.87	37.00	38.99	38.80	38.22	38.89	36.79	37.90
CARBON	3.10	1.54	4.04	4.74	3.36	3.66	2.18	2.92
OTHER	4.47	4.68	2.39	1.85	2.72	2.67	2.48	2.46
OUTSIDE FINISHED PRODUCT	2.03	1.26	0.98	2.30	4.61	4.14	2.60	1.87
TOTAL MATERIALS USED	44.47	44.48	43.40	42.29	47.91	44.42	45.05	45.06
FACTORY PAYROLL								
SUPERVISORY SALARIES	2.72	2.06	2.37	2.16	2.47	2.61	1.90	1.79
WAGES DIRECT								
PREPRESS	2.41	1.54	2.58	2.84	1.94	1.97	1.86	1.47
PRESS	6.49	4.65	5.74	5.77	5.87	6.22	4.97	4.62
COLLATOR OPERATORS	2.78	1.72	3.68	3.52	3.17	2.87	2.72	2.42
GENERAL BINDERY	2.34	1.44	0.55	1.53	0.64	0.61	1.03	0.74
TOTAL DIRECT WAGES	14.02	9.35	12.55	13.86	11.58	11.47	10.60	9.25
DIRECT OVERTIME WAGES	0.64	0.61	0.78	0.69	1.05	0.94	0.75	0.68
GEN FACTORY SAL. & WAGES	2.23	3.64	2.05	1.80	1.80	1.69	2.06	1.99
PACK,SHIP & DEL. WAGES	0.97	0.98	1.10	0.97	0.94	0.69	0.97	1.00
PAYROLL TAXES	1.91	2.04	1.73	1.46	1.44	1.33	1.22	1.12
EMPLOYEE BENEFITS	1.41	1.37	1.81	2.14	2.44	2.43	1.93	1.63
TOTAL FACTORY PAYROLL	23.26	19.44	21.61	21.99	20.63	20.18	18.68	16.74
FACTORY FIXED EXPENSES								
OCCUPANCY EXPENSE	3.72	3.39	2.07	2.13	1.86	1.82	1.59	1.31
INSURANCE	0.49	0.56	0.35	0.38	0.21	0.22	0.54	0.22
TAXES	0.44	0.38	0.43	0.56	0.39	0.38	0.81	0.30
DEPRECIATION	3.78	2.88	3.41	3.12	3.10	3.50	2.07	2.07
TOTAL FACTORY FIXED EXP.	8.43	7.21	6.26	6.19	5.56	5.92	5.01	3.90
OTHER FACT. SUPPLIES & EXP.	4.75	4.89	4.59	4.79	4.46	4.05	4.27	4.31
TOTAL FACTORY EXPENSE	13.18	12.10	10.85	10.98	10.02	9.97	9.28	8.21
TOTAL COST OF PRODUCTION	80.87	76.02	75.86	75.26	74.56	74.57	73.01	70.01
GROSS PROFIT-FORMS MFG.	19.13	23.98	24.14	24.74	25.44	25.43	26.99	29.99
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	0.25	0.60	0.53	1.79	0.27	0.38	0.56	0.71
COST-OTHER PROD./SERVICES	0.34	0.50	0.54	1.24	0.10	0.14	0.57	0.56
TOTAL GROSS PROFIT	19.04	24.08	24.13	25.29	25.61	25.67	26.98	30.14

	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	2.93	3.90	2.99	2.78	1.72	1.72	1.33	1.44
OFFICE SALARIES	2.44	1.89	2.10	2.27	1.44	1.40	1.73	1.59
PAYROLL TAXES	0.36	0.41	0.38	0.41	0.21	0.20	0.30	0.21
EMPLOYEE BENEFITS	0.45	0.50	0.41	0.47	0.47	0.42	0.48	0.53
GENERAL OFFICE EXPENSE	2.54	2.06	3.01	2.43	1.89	1.53	2.67	2.74
BAD DEBTS	0.23	0.14	0.27	0.25	0.21	0.18	0.36	0.43
TOTAL ADMIN. EXPENSE	8.95	8.90	9.16	8.61	5.94	5.55	7.27	6.94
SELLING EXPENSE								
EXECUTIVE SALARIES	1.09	0.80	1.28	1.22	0.78	0.86	0.75	0.87
SALESMEN SAL. & COMMISS.	1.38	1.73	2.85	2.78	3.33	2.95	6.27	6.03
SALES-CLERICAL SALARIES	1.15	0.57	1.29	1.09	1.26	1.25	1.09	0.87
PAYROLL TAXES	0.17	0.17	0.33	0.21	0.36	0.32	0.42	0.49
EMPLOYEE BENEFITS	0.19	0.22	0.36	0.24	0.68	0.52	0.72	0.72
TRAVEL & ENTER. EXPENSE	0.56	0.85	0.54	0.50	0.57	0.49	0.46	0.40
GENERAL SELLING EXP.	0.56	0.60	1.35	1.15	1.38	0.82	2.21	2.71
SHIPPING & DEL. EXP.	0.60	0.35	0.72	0.44	0.70	0.75	1.13	1.16
ADVERTISING	0.25	0.15	0.31	0.20	0.22	0.20	0.27	0.27
TOTAL SELLING EXPENSE	5.95	5.37	9.03	7.93	9.24	8.17	13.42	13.44
TOTAL ADMINISTRATIVE & SELLING COST	14.90	14.27	18.19	16.54	15.18	13.72	20.79	20.38
OPERATING INCOME(LOSS)	4.14	9.81	5.94	8.75	10.42	11.95	6.19	9.76
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.19	0.02	0.24	0.26	0.41	0.43	0.27	0.29
OTHER INCOME	0.99	1.26	0.88	0.86	1.08	1.38	0.38	0.34
TOTAL OTHER INCOME	1.18	1.28	1.12	1.12	1.49	1.81	0.75	0.63
INTEREST EXPENSE	2.06	1.79	1.63	1.02	1.50	0.87	1.16	0.61
OTHER EXPENSE	0.64	0.97	0.83	0.86	0.57	0.57	0.41	0.43
TOTAL OTHER EXPENSE	2.70	2.76	2.46	1.88	2.07	1.44	1.57	1.04
NET OTHER INCOME(EXPENSE)	-1.52	-1.48	-1.34	-0.76	-0.58	0.37	-0.82	-0.41
NET INCOME(LOSS) BEFORE TAXES	2.62	8.33	4.60	7.99	9.85	12.32	5.37	9.35
NUMBER OF COMPANIES	14	5	41	16	21	15	21	11

	UNDER $3 MILLION		$3-8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
CURRENT ASSETS								
CASH	2.55	2.29	5.65	6.42	13.35	16.98	2.06	0.81
NOTES & ACCTS RECEIVABLE	23.09	27.37	26.18	26.35	21.08	18.58	33.70	32.42
LESS ALLOW. FOR BAD DEBTS	0.22	0.19	0.55	0.48	0.55	0.46	0.91	1.24
NET RECEIVABLES	22.87	27.18	25.63	25.87	20.53	18.12	32.79	31.18
INVENTORIES								
RAW MATERIALS	13.27	20.00	11.32	12.18	8.74	8.24	10.22	9.89
FINISHED PRODUCTS	5.46	1.28	3.15	3.24	3.86	3.11	10.76	8.34	
WORK IN PROCESS	1.92	1.86	2.02	1.78	2.86	3.17	3.64	3.40
OTHER	0.00	0.00	0.26	0.45	-0.22	-0.32	0.42	0.53
TOTAL INVENTORIES	20.65	23.14	16.75	17.14	15.24	14.19	24.44	21.86
OTHER CURRENT ASSETS	3.22	-0.23	1.72	1.17	3.84	3.99	3.05	4.56
TOTAL CURRENT ASSETS	49.29	52.38	49.75	50.59	52.96	57.28	62.04	58.41
FIXED ASSETS								
REAL ESTATE	11.56	17.44	12.85	12.21	13.84	11.75	12.76	14.16
LESS ALLOW FOR DEPRE.	3.48	5.06	3.89	3.48	3.08	3.08	3.06	3.09
NET REAL ESTATE	8.08	12.38	8.96	8.72	10.76	8.68	9.70	11.07
MACHINERY & EQUIP.	80.94	61.81	72.84	64.01	49.78	48.94	51.54	53.76
LESS ALLOW FOR DEPRE.	46.76	35.80	39.48	30.34	27.60	24.56	27.95	28.85
NET MACH. & EQUIP.	34.18	26.01	34.36	33.66	22.18	22.38	23.59	24.92
OTHER FIXED ASSETS	7.33	4.70	6.10	6.03	2.77	2.56	2.67	2.18
LESS ALLOW FOR DEPRE.	4.29	2.40	3.27	3.62	1.45	1.20	1.75	1.13
NET OTHER FIXED ASSETS	3.04	2.30	2.83	2.40	1.32	1.35	1.22	1.05
TOTAL FIXED ASSETS	45.30	40.68	46.15	44.79	34.26	32.41	34.51	37.04
OTHER ASSETS	5.41	7.74	4.10	4.62	12.78	14.21	3.15	4.55
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE(ONE YEAR)	7.80	7.20	8.28	6.60	7.40	2.66	5.38	3.49
ACCOUNTS PAYABLE	13.63	14.92	12.39	11.57	7.58	7.07	9.89	7.76
OTHER CURRENT LIABIL.	4.19	5.96	6.25	7.75	7.49	7.37	8.16	6.53
TOTAL CURRENT LIABIL.	25.62	28.08	26.92	25.92	22.47	17.10	23.43	17.78
LONG-TERM DEBT	32.06	32.84	25.37	16.86	15.50	10.70	22.89	13.75
OTHER LONG-TERM LIABIL.	3.09	0.00	4.17	6.85	3.58	3.63	1.87	2.30
TOTAL LONG-TERM LIABIL.	35.15	32.84	29.54	23.71	19.08	14.34	25.76	16.05
TOTAL LIABILITIES	60.77	60.92	56.46	49.63	41.55	31.44	49.19	33.84
TOTAL NET WORTH	39.23	39.08	43.54	50.37	58.45	68.56	50.81	66.15
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

	UNDER $3 MILLION		$3-$8 MILLION		$8-$15 MILLION		OVER $15 MILLION	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
EMPLOYEES								
PERCENT FACTORY	75.35	77.24	72.53	73.51	74.27	75.50	62.17	62.10
PERCENT ADMINISTRATIVE	16.74	17.24	13.09	13.20	11.34	11.16	17.61	14.20
PERCENT SALES	7.91	5.52	14.38	13.29	14.39	13.34	20.22	23.69
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	2.19	3.20	2.35	2.65	2.46	2.40	1.44	1.05
SALES/FACTORY EMPLOYEE	78751.00	89618.00	101527.00	110194.00	120726.00	124716.00	157650.00	157944.00
SALES/ADMIN. EMPLOYEE	354379.00	401492.00	562411.00	613721.00	790398.00	843479.00	556721.00	690582.00
SALES/SALES EMPLOYEE	750451.00	1254664.00	511920.00	609488.00	623196.00	705995.00	484685.00	413954.00
SALES/ALL EMPLOYEES	59338.00	69222.00	73629.00	81004.00	89661.00	94160.00	98013.00	98086.00
SALES LESS MAT./FACT. EMP.	43756.00	49752.00	57456.00	63595.00	67709.00	69313.00	86632.00	86779.00
FINANCIAL POSITION								
CURR ASSETS VS CURR LIABIL.	1.92	1.85	1.85	1.95	2.76	3.12	2.86	3.28
LIABILITIES VS NET WORTH	1.54	1.56	1.30	0.99	0.72	0.46	0.97	0.51
DEBT VS EQUITY	0.81	0.84	0.58	0.33	0.27	0.16	0.47	0.21
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	24959.00	17045.00	19065.00	20252.00	20224.00	20461.00	24488.00	22114.00
PAYROLL/ADMIN. EMPLOYEE	19041.00	23226.00	28665.00	30964.00	25013.00	26325.00	17057.00	20914.00
PAYROLL/SALES EMPLOYEE	12841.00	12274.00	30442.00	31183.00	42473.00	42700.00	45749.00	53244.00
PAYROLL/EMPLOYEE	24145.00	19286.00	21565.00	23090.00	22676.00	23153.00	26282.00	24280.00
PREFRESS % OF FACT. PAYROLL	6.88	6.86	11.54	12.92	9.41	9.75	10.07	8.79
PRESS % OF FACT. PAY.	18.55	25.17	25.72	26.25	28.24	30.83	26.60	27.60
COLL. OPER. % OF FACT. PAY.	7.93	7.68	16.50	16.01	15.35	13.03	14.58	14.47
GEN. BINDERY % OF FACT. PAY.	6.67	10.88	5.65	6.96	7.09	7.04	5.50	4.41
OVERTIME WAGE % OF FACT. PAY.	1.83	2.72	3.49	3.13	5.11	4.66	4.03	4.03
TAXES AND BENEFITS								
TAX & BENE./FACTORY EMP.	2618.94	3060.59	3591.55	3965.91	4690.54	4691.57	4972.64	4344.33
TAX & BENE./ADMIN. EMP.	1793.89	2176.72	2607.59	2922.32	3788.80	3926.62	4062.18	4958.67
TAX & BENE./SALES EMP.	4435.50	4802.25	5325.77	5615.97	6468.65	6675.19	6751.43	7082.09
TAX & BENE./EMPLOYEE	3358.71	3742.34	4232.81	4511.86	5356.79	5541.70	5618.02	5408.98
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	9.95	11.61	13.04	12.71	10.73	10.71	9.40	9.92
DAYS RAW MAT. IN INVENTORY	72.32	61.07	44.43	48.30	44.42	44.50	36.02	36.95
COLLECTION DAYS OF RECEIV.	38.14	36.92	42.85	43.36	45.83	43.49	52.06	52.48
INVESTMENT								
NET WORTH % OF FIXED ASSETS	93.62	96.84	94.36	112.46	168.51	211.55	147.22	178.61
AVG PLANT INVEST/FACT. EMP.	35921.30	27998.75	43153.96	41621.70	49008.20	51871.51	45864.73	51791.53
PROFIT								
GROSS PROFIT % OF SALES	19.04	24.08	24.13	25.29	25.61	25.67	26.98	30.14
INCOME BEFORE TAX % OF SALES	2.61	8.33	4.41	8.10	9.91	12.46	5.35	9.33
PROFIT % OF NET WORTH	14.47	36.37	22.13	35.03	28.08	27.64	24.20	30.58
CASH FLOW (ROI)	7.47	10.93	8.60	11.75	11.04	12.69	8.44	11.28
RETURN ON INVESTMENT	3.83	10.51	6.76	13.28	13.58	16.25	9.52	15.62

PRODUCT LINE	DIRECT ALL FIRMS	DIRECT LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	DIRECT CONTINUOUS CUSTOM LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	DIRECT MIXED PRODUCT LEADERS
VALUE-PRODUCTS MFGD.	88.12	95.47	91.38	92.74	87.50	95.49
OUTSIDE PURCHASES	11.88	4.53	8.62	7.26	12.50	4.51
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00	100.00
COST OF PRODUCTION						
MATERIALS						
PAPER	33.53	33.73	28.22	27.86	34.17	35.10
CARBON	2.92	2.47	2.26	2.10	3.04	2.64
OTHER	2.06	1.66	4.91	5.72	1.87	1.29
OUTSIDE FINISHED PRODUCT	4.70	4.23	6.35	5.22	4.69	4.25
TOTAL MATERIALS USED	43.21	42.11	41.74	40.80	43.87	43.28
FACTORY PAYROLL						
SUPERVISORY SALARIES	2.07	2.19	2.24	2.42	2.09	2.17
WAGES DIRECT						
PRESSES	1.54	1.71	2.54	2.58	1.84	1.49
FEEDS	4.74	4.68	5.68	5.87	4.65	4.47
COLLATOR OPERATORS	2.67	2.16	2.20	2.29	2.70	2.06
GENERAL BINDERY	0.87	0.65	1.58	0.66	0.85	0.54
TOTAL DIRECT WAGES	10.24	9.20	11.10	11.40	10.06	8.57
DIRECT OVERTIME WAGES	0.83	0.87	0.61	0.68	0.85	0.91
GEN FACTORY SAL. & WAGES	1.87	1.77	2.11	2.02	1.86	1.66
FACM.SHIP & DEL. WAGES	1.07	1.13	1.02	0.88	1.07	1.08
PAYROLL TAXES	1.21	1.09	1.44	1.49	1.21	1.12
EMPLOYEE BENEFITS	1.87	1.64	2.23	2.43	1.80	1.45
TOTAL FACTORY PAYROLL	18.77	16.86	20.15	20.84	18.07	16.01
FACTORY FIXED EXPENSES						
OCCUPANCY EXPENSE	1.66	1.42	2.37	2.74	1.61	1.26
INSURANCE	0.59	0.17	0.24	0.24	0.62	0.14
TAXES	0.90	0.74	0.55	0.54	0.95	0.77
DEPRECIATION	2.05	2.02	2.42	2.75	2.02	1.96
TOTAL FACTORY FIXED EXP.	5.20	3.94	6.57	6.47	5.19	3.69
OTHER FACT. SUPPLIES & EXP.	4.15	4.16	4.29	4.35	4.15	4.15
TOTAL FACTORY EXPENSE	9.36	8.10	10.82	10.82	9.34	7.84
TOTAL COST OF PRODUCTION	70.90	67.09	72.71	72.16	71.24	67.13
GROSS PROFIT-FORMS MFG.	29.10	32.91	27.29	27.84	28.76	32.87
OTHER OPERATIONS						
VALUE-OTHER PROD./SERVICES	0.77	1.12	0.39	0.28	0.93	1.01
COST-OTHER PROD./SERVICES	0.70	0.80	0.17	0.19	0.76	0.93
TOTAL GROSS PROFIT	29.17	33.23	27.51	27.93	28.93	33.25

* Due to insufficient data, no ratios are presented for Direct/Unit Sets category.

	DIRECT ALL FIRMS	LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES						
EXECUTIVE SALARIES	1.39	1.37	1.63	1.25	1.36	1.36
OFFICE SALARIES	2.10	2.15	2.63	2.71	1.97	1.88
PAYROLL TAXES	0.93	0.23	0.32	0.33	1.00	0.24
EMPLOYEE BENEFITS	0.50	0.55	0.52	0.56	0.43	0.42
GENERAL OFFICE EXPENSE	2.52	2.47	2.70	2.45	2.45	2.34
BAD DEBTS	0.34	0.40	0.13	0.11	0.36	0.43
TOTAL ADMIN. EXPENSE	7.78	7.17	7.93	7.41	7.57	6.67
SELLING EXPENSE						
EXECUTIVE SALARIES	0.74	0.79	1.25	1.16	0.71	0.75
SALESMEN SAL. & COMMISS.	8.28	8.56	5.30	5.06	8.27	8.58
SALES-CLERICAL SALARIES	1.07	0.83	1.67	1.80	1.04	0.72
PAYROLL TAXES	0.49	0.58	0.44	0.40	0.51	0.64
EMPLOYEE BENEFITS	0.86	0.85	0.68	0.70	0.91	0.93
TRAVEL & ENTER. EXPENSE	0.53	0.49	0.69	0.64	0.51	0.46
GENERAL SELLING EXP.	2.53	3.16	0.94	0.92	2.65	3.51
SHIPPING & DEL. EXP.	1.13	1.01	0.43	0.49	1.21	1.14
ADVERTISING	0.18	0.16	0.17	0.19	0.16	0.11
TOTAL SELLING EXPENSE	15.81	16.43	11.57	11.36	15.97	16.84
TOTAL ADMINISTRATIVE & SELLING COST	23.59	23.60	19.50	18.77	23.54	23.51
OPERATING INCOME(LOSS)	5.58	9.63	8.01	9.16	5.29	9.74
OTHER INCOME & EXPENSE						
GROSS PROCEEDS-SCRAP SALE	0.37	0.34	0.57	0.62	0.35	0.30
OTHER INCOME	0.53	0.58	0.77	0.30	0.50	0.57
TOTAL OTHER INCOME	0.90	0.92	1.34	0.92	0.85	0.87
INTEREST EXPENSE	1.31	0.62	1.90	1.88	1.24	0.37
OTHER EXPENSE	0.46	0.53	0.58	0.56	0.47	0.56
TOTAL OTHER EXPENSE	1.77	1.15	2.48	2.44	1.71	0.93
NET OTHER INCOME(EXPENSE)	-0.87	-0.23	-1.14	-1.52	-0.86	-0.06
NET INCOME(LOSS) BEFORE TAXES	4.71	9.40	6.87	7.64	4.43	9.68
NUMBER OF COMPANIES	35	18	6	5	27	11

	DIRECT ALL FIRMS	LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	LEADERS
CURRENT ASSETS						
CASH	3.21	3.66	7.50	6.76	2.81	3.14
NOTES & ACCTS RECEIVABLE	33.96	31.76	27.70	28.73	34.40	31.97
LESS ALLOW. FOR BAD DEBTS	0.84	1.17	1.05	0.98	0.81	1.19
NET RECEIVABLES	33.12	30.59	26.65	27.75	33.59	30.78
INVENTORIES						
RAW MATERIALS	9.81	9.55	8.72	8.99	9.92	9.65
FINISHED PRODUCTS	11.95	9.07	2.86	2.84	12.67	9.76
WORK IN PROCESS	3.04	3.52	4.84	5.43	2.91	3.31
OTHER	0.33	0.54	0.04	-0.05	0.35	0.62
TOTAL INVENTORIES	25.13	22.68	16.46	17.21	25.85	23.34
OTHER CURRENT ASSETS	0.92	0.89	1.40	1.51	0.90	0.84
TOTAL CURRENT ASSETS	62.38	57.82	52.01	53.23	63.15	58.10
FIXED ASSETS						
REAL ESTATE	10.97	11.89	12.22	13.78	11.33	12.60
LESS ALLOW FOR DEPRE.	3.02	3.46	2.37	2.67	3.18	3.82
NET REAL ESTATE	7.95	8.43	9.85	11.11	8.15	8.78
MACHINERY & EQUIP.	50.44	53.46	63.46	56.86	49.74	53.64
LESS ALLOW FOR DEPRE.	27.63	29.49	29.63	26.05	27.58	30.18
NET MACH. & EQUIP.	22.81	23.97	33.83	30.81	22.16	23.46
OTHER FIXED ASSETS	2.94	2.90	4.85	5.03	2.58	2.22
LESS ALLOW FOR DEPRE.	1.59	1.59	2.75	2.73	1.43	1.30
NET OTHER FIXED ASSETS	1.35	1.31	2.10	2.30	1.15	0.92
TOTAL FIXED ASSETS	32.11	33.71	45.78	44.22	31.46	33.16
OTHER ASSETS	5.51	8.47	2.21	2.55	5.39	8.74
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES						
NOTES PAYABLE(ONE YEAR)	7.54	4.53	9.93	10.94	7.48	3.75
ACCOUNTS PAYABLE	8.85	6.73	10.57	9.68	8.85	6.45
OTHER CURRENT LIABIL.	9.27	8.96	8.58	9.51	9.29	8.82
TOTAL CURRENT LIABIL.	25.66	20.22	29.08	30.13	25.62	19.02
LONG-TERM DEBT	23.18	10.69	27.09	28.19	22.68	7.27
OTHER LONG-TERM LIABIL.	2.60	3.64	2.73	2.66	2.57	3.79
TOTAL LONG-TERM LIABIL.	25.78	14.33	29.82	30.85	25.25	11.06
TOTAL LIABILITIES	51.44	34.55	58.90	60.98	50.87	30.08
TOTAL NET WORTH	48.56	65.45	41.10	39.02	49.13	69.92
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00

	DIRECT ALL FIRMS	LEADERS	DIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	DIRECT MIXED PRODUCT ALL FIRMS	LEADERS
EMPLOYEES						
PERCENT FACTORY	58.34	58.97	68.26	69.39	57.63	57.75
PERCENT ADMINISTRATIVE	19.55	15.48	14.68	12.37	19.82	15.23
PERCENT SALES	22.12	25.56	17.06	18.24	22.54	27.02
PRODUCTIVITY						
SALES/GROSS PLANT INVESTMENT	3.56	3.12	2.56	2.74	3.63	3.11
SALES/FACTORY EMPLOYEE	158902.00	149132.00	120718.00	121161.00	165536.00	158896.00
SALES/ADMIN. EMPLOYEE	474245.00	568187.00	561340.00	679735.00	481231.00	602648.00
SALES/SALES EMPLOYEE	419145.00	344069.00	482873.00	460969.00	423212.00	339623.00
SALES/ALL EMPLOYEES	92699.00	87936.00	82398.00	84076.00	95402.00	91766.00
SALES LESS MAT./FACT. EMP.	90239.00	86354.00	70326.00	72096.00	92976.00	90119.00
FINANCIAL POSITION						
CURR ASSETS VS CURR LIABIL.	2.43	2.86	1.79	1.77	2.47	3.05
LIABILITIES VS NET WORTH	1.07	0.53	1.43	1.56	1.04	0.43
DEBT VS EQUITY	0.48	0.16	0.66	0.72	0.46	0.10
PAYROLL						
PAYROLL/FACTORY EMPLOYEE	24260.00	21102.00	19895.00	20497.00	24890.00	21331.00
PAYROLL/ADMIN. EMPLOYEE	16559.00	20037.00	23933.00	26867.00	16021.00	19536.00
PAYROLL/SALES EMPLOYEE	47851.00	57844.00	46200.00	54516.00	48221.00	60581.00
PAYROLL/EMPLOYEE	26743.00	24496.00	23874.00	24290.00	27081.00	24519.00
PREPRESS % OF FACT. PAYROLL	10.60	10.11	12.58	12.37	10.28	9.29
PRESS % OF FACT. PAY.	25.86	27.71	28.16	28.17	25.76	27.98
COLL. OPER. % OF FACT. PAY.	14.68	12.80	11.41	11.01	14.92	12.91
GEN. BINDERY % OF FACT. PAY.	4.76	3.86	2.92	3.16	4.69	3.41
OVERTIME WAGE % OF FACT. PAY.	4.54	5.16	3.01	3.26	4.73	5.71
TAXES AND BENEFITS						
TAX & BENE./FACTORY EMP.	4880.50	4075.25	4432.72	4743.57	5016.83	4074.44
TAX & BENE./ADMIN. EMP.	5806.66	5107.18	5528.40	5908.93	6226.25	5316.81
TAX & BENE./SALES EMP.	6656.09	5936.34	6382.08	6842.10	7180.97	6291.01
TAX & BENE./EMPLOYEE	5959.49	5145.42	5589.91	6079.18	6367.39	5456.85
ASSET TURNOVER						
INVENTORY TURNOVER TIMES/YR	9.11	9.40	12.57	12.04	8.93	9.11
DAYS RAW MAT. IN INVENTORY	36.19	38.85	37.06	39.09	35.80	38.25
COLLECTION DAYS OF RECEIV.	52.80	52.41	47.25	48.88	53.13	52.78
INVESTMENT						
NET WORTH % OF FIXED ASSETS	150.37	194.15	89.72	88.22	155.22	210.88
AVG PLANT INVEST/FACT. EMP.	44648.43	47769.76	47240.64	44243.90	45664.98	51113.22
PROFIT						
GROSS PROFIT % OF SALES	29.17	33.23	27.51	27.93	28.83	33.25
INCOME BEFORE TAX % OF SALES	4.70	9.39	6.85	7.66	4.44	9.69
PROFIT % OF NET WORTH	22.30	30.57	34.31	40.68	20.98	29.51
CASH FLOW (ROI)	7.96	11.34	10.63	11.54	7.71	11.45
RETURN ON INVESTMENT	8.49	15.87	10.64	12.31	8.08	16.30

PRODUCT LINE	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	INDIRECT UNIT SETS ALL FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
VALUE-PRODUCTS MFGD.	98.86	99.66	98.36	99.61	99.52	99.55	99.67	99.95
OUTSIDE PURCHASES	1.14	0.34	1.64	0.39	0.48	0.45	0.33	0.05
VALUE OF PRODUCTION	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COST OF PRODUCTION								
MATERIALS								
PAPER	34.68	33.95	33.36	33.03	36.94	37.56	35.32	35.78
CARBON	3.62	3.42	3.08	3.04	5.37	4.61	4.13	4.29
OTHER	2.92	2.68	2.89	3.14	2.75	2.59	3.03	0.91
OUTSIDE FINISHED PRODUCT	1.09	0.40	1.36	0.47	0.48	0.38	0.80	0.17
TOTAL MATERIALS USED	42.31	40.45	40.69	39.68	45.54	45.14	43.28	41.15
FACTORY PAYROLL								
SUPERVISORY SALARIES	2.29	2.14	2.11	1.96	2.02	2.12	2.96	2.38
WAGES DIRECT								
PREPRESS	2.63	2.51	2.63	2.46	2.89	2.76	2.67	2.39
PRESS	6.69	6.66	7.03	6.73	7.02	6.32	5.91	6.05
COLLATOR OPERATORS	4.11	4.18	4.21	4.50	4.13	3.58	4.10	3.22
GENERAL BINDERY	1.34	1.36	0.99	1.12	1.81	0.84	2.01	2.06
TOTAL DIRECT WAGES	14.77	14.71	14.86	14.81	15.85	13.50	14.69	13.92
DIRECT OVERTIME WAGES	0.86	0.70	0.82	0.58	0.60	0.85	1.10	1.10
GEN FACTORY SAL. & WAGES	2.04	1.71	2.12	1.80	1.78	1.08	2.10	1.68
PACK,SHIP & DEL. WAGES	0.77	0.55	0.47	0.36	1.38	1.68	1.12	0.72
PAYROLL TAXES	1.71	1.57	1.66	1.52	1.88	1.72	1.32	1.67
EMPLOYEE BENEFITS	2.28	2.42	2.59	2.58	1.93	1.51	1.83	2.23
TOTAL FACTORY PAYROLL	23.86	23.10	23.81	23.03	24.84	21.61	24.52	23.10
FACTORY FIXED EXPENSES								
OCCUPANCY EXPENSE	2.21	2.20	2.23	2.07	2.00	2.19	2.32	2.74
INSURANCE	0.29	0.33	0.26	0.28	0.54	0.97	0.22	0.19
TAXES	0.34	0.32	0.35	0.31	0.33	0.37	0.35	0.37
DEPRECIATION	3.52	3.82	3.30	3.52	3.58	3.89	4.08	4.97
TOTAL FACTORY FIXED EXP.	6.36	6.67	6.14	6.18	6.45	7.42	6.97	8.27
OTHER FACT. SUPPLIES & EXP.	4.99	4.83	4.59	4.51	5.84	5.80	5.58	5.58
TOTAL FACTORY EXPENSE	11.35	11.50	10.73	10.69	12.29	13.22	12.55	13.85
TOTAL COST OF PRODUCTION	77.52	75.05	75.23	73.40	82.67	79.97	80.35	78.10
GROSS PROFIT-FORMS MFG.	22.48	24.95	24.77	26.60	17.33	20.03	19.65	21.90
OTHER OPERATIONS								
VALUE-OTHER PROD./SERVICES	0.38	0.46	0.43	0.61	-0.02	-0.06	0.47	0.12
COST-OTHER PROD./SERVICES	0.26	0.43	0.42	0.57	0.00	0.00	0.04	0.10
TOTAL GROSS PROFIT	22.60	24.98	24.78	26.64	17.31	19.97	20.08	21.92

	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	INDIRECT UNIT SETS ALL FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
ADMINISTRATIVE EXPENSES								
EXECUTIVE SALARIES	2.22	2.33	2.37	2.32	2.02	2.93	1.97	2.06
OFFICE SALARIES	1.55	1.48	1.40	1.41	2.27	1.91	1.56	1.54
PAYROLL TAXES	0.28	0.28	0.29	0.29	0.26	0.25	0.25	0.27
EMPLOYEE BENEFITS	0.43	0.48	0.50	0.52	0.39	0.20	0.33	0.46
GENERAL OFFICE EXPENSE	2.70	2.38	2.85	2.45	2.09	1.64	2.42	2.50
BAD DEBTS	0.23	0.24	0.23	0.25	0.13	0.19	0.26	0.20
TOTAL ADMIN. EXPENSE	7.41	7.19	7.64	7.24	7.16	7.12	6.79	7.03
SELLING EXPENSE								
EXECUTIVE SALARIES	0.80	0.66	0.87	0.58	1.17	1.54	0.77	0.55
SALESMEN SAL. & COMMISS.	0.95	0.87	0.98	1.03	0.40	0.53	1.17	0.42
SALES-CLERICAL SALARIES	1.60	1.61	1.65	1.76	1.87	1.05	1.46	1.27
PAYROLL TAXES	0.25	0.24	0.28	0.27	0.22	0.17	0.22	0.15
EMPLOYEE BENEFITS	0.33	0.35	0.39	0.40	0.23	0.14	0.24	0.26
TRAVEL & ENTER. EXPENSE	0.42	0.34	0.35	0.29	0.41	0.34	0.33	0.54
GENERAL SELLING EXP.	1.11	0.99	1.08	0.97	0.61	0.83	1.37	1.15
SHIPPING & DEL. EXP.	0.53	0.50	0.52	0.61	0.20	0.05	0.70	0.30
ADVERTISING	0.33	0.23	0.33	0.23	0.29	0.19	0.37	0.25
TOTAL SELLING EXPENSE	6.32	5.79	6.45	6.14	5.40	4.84	6.59	4.89
TOTAL ADMINISTRATIVE & SELLING COST	13.73	12.98	14.09	13.38	12.56	11.96	13.38	11.92
OPERATING INCOME(LOSS)	8.87	12.00	10.69	13.26	4.75	8.01	6.70	10.00
OTHER INCOME & EXPENSE								
GROSS PROCEEDS-SCRAP SALE	0.42	0.38	0.42	0.38	0.54	0.53	0.36	0.34
OTHER INCOME	0.75	0.88	0.68	0.77	1.56	2.21	0.60	0.68
TOTAL OTHER INCOME	1.17	1.26	1.10	1.15	2.10	2.74	0.96	1.02
INTEREST EXPENSE	1.72	1.11	1.52	1.18	1.61	0.74	2.25	1.23
OTHER EXPENSE	0.71	0.72	0.53	0.63	1.08	1.54	0.95	0.46
TOTAL OTHER EXPENSE	2.43	1.83	2.05	1.81	2.69	2.28	3.20	1.69
NET OTHER INCOME(EXPENSE)	-1.26	-0.57	-0.95	-0.66	-0.59	0.46	-2.24	-0.67
NET INCOME(LOSS) BEFORE TAXES	7.61	11.43	9.74	12.60	4.16	8.47	4.46	9.33
NUMBER OF COMPANIES	55	25	25	12	11	6	18	7

	INDIRECT ALL FIRMS	LEADERS	INDIRECT CONTINUOUS CUSTOM ALL FIRMS	LEADERS	INDIRECT UNIT SETS ALL FIRMS	LEADERS	INDIRECT MIXED PRODUCT ALL FIRMS	LEADERS
CURRENT ASSETS								
CASH	7.49	9.60	7.09	8.41	6.16	7.76	9.42	16.10
NOTES & ACCTS RECEIVABLE	22.63	21.00	22.03	20.97	22.28	22.24	24.17	20.60
LESS ALLOW. FOR BAD DEBTS	0.62	0.61	0.75	0.74	0.36	0.12	0.41	0.15
NET RECEIVABLES	22.01	20.39	21.28	20.23	21.92	22.12	23.76	20.45
INVENTORIES								
RAW MATERIALS	10.52	9.38	9.66	8.76	11.91	15.67	12.30	9.74
FINISHED PRODUCTS	2.16	1.05	1.13	1.09	0.78	0.10	0.92	1.15
WORK IN PROCESS	1.08	2.19	2.50	2.61	2.10	1.25	1.52	0.89
OTHER	0.33	0.10	0.04	0.00	1.72	0.72	0.16	0.20
TOTAL INVENTORIES	14.09	12.72	13.33	12.46	16.51	17.74	14.90	11.98
OTHER CURRENT ASSETS	6.44	8.72	8.92	11.05	1.73	0.42	1.57	1.16
TOTAL CURRENT ASSETS	50.03	51.43	50.62	52.15	46.32	48.04	49.65	49.69
FIXED ASSETS								
REAL ESTATE	15.75	15.93	17.26	16.64	7.16	8.61	15.03	15.43
LESS ALLOW FOR DEPRE.	3.15	3.05	2.90	2.78	1.75	2.09	4.49	4.73
NET REAL ESTATE	12.60	12.88	14.36	13.86	5.41	6.52	10.54	10.70
MACHINERY & EQUIP.	61.75	57.42	56.39	52.85	71.94	63.27	73.49	76.80
LESS ALLOW FOR DEPRE.	32.56	30.29	29.38	27.52	36.72	32.67	40.77	42.60
NET MACH. & EQUIP.	29.19	27.13	27.01	25.33	35.22	30.60	32.72	34.20
OTHER FIXED ASSETS	4.14	2.92	3.52	2.71	9.67	3.11	3.76	3.84
LESS ALLOW FOR DEPRE.	2.15	1.44	1.77	1.37	5.30	1.69	1.98	1.64
NET OTHER FIXED ASSETS	1.99	1.48	1.75	1.34	4.37	1.42	1.78	2.20
TOTAL FIXED ASSETS	43.78	41.49	43.12	40.53	45.00	38.54	45.04	47.10
OTHER ASSETS	6.19	7.08	6.26	7.32	8.68	13.42	5.31	3.21
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
CURRENT LIABILITIES								
NOTES PAYABLE(ONE YEAR)	5.66	3.16	5.01	2.97	4.53	2.06	8.04	4.53
ACCOUNTS PAYABLE	11.58	9.54	10.08	9.49	13.28	11.46	14.67	8.97
OTHER CURRENT LIABIL.	6.04	5.30	5.91	4.66	6.57	8.59	6.41	7.01
TOTAL CURRENT LIABIL.	23.28	18.00	21.00	17.12	24.38	22.11	29.12	20.51
LONG-TERM DEBT	25.57	18.43	22.65	18.49	28.22	15.98	31.18	19.18
OTHER LONG-TERM LIABIL.	2.78	3.11	2.02	2.59	4.84	5.03	4.17	4.82
TOTAL LONG-TERM LIABIL.	28.35	21.54	24.67	21.08	33.06	21.01	35.35	24.00
TOTAL LIABILITIES	51.63	39.54	45.67	38.20	57.44	43.12	64.47	44.51
TOTAL NET WORTH	48.37	60.46	54.33	61.80	42.56	56.88	35.53	55.49
TOTAL LIABILITIES & NET WORTH	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

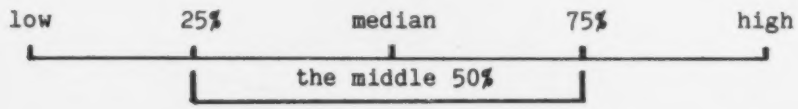
	IBFI		INDIRECT CONTINUOUS CUSTOM		INDIRECT UNIT SETS		INDIRECT MIXED PRODUCT	
	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS	ALL FIRMS	LEADERS
EMPLOYEES								
PERCENT FACTORY	77.52	77.46	75.41	74.86	81.09	82.23	80.05	82.60
PERCENT ADMINISTRATIVE	11.29	11.67	11.90	12.32	10.36	9.94	10.33	10.67
PERCENT SALES	11.18	10.87	12.69	12.82	8.54	7.83	9.63	6.73
PRODUCTIVITY								
SALES/GROSS PLANT INVESTMENT	2.23	2.17	2.19	2.15	2.39	2.99	2.23	1.97
SALES/FACTORY EMPLOYEE	104682.00	114950.00	118312.00	130426.00	88276.00	89594.00	85864.00	85909.00
SALES/ADMIN. EMPLOYEE	718688.00	762702.00	749531.00	792798.00	690702.00	741191.00	665570.00	672857.00
SALES/SALES EMPLOYEE	725666.00	819198.00	703168.00	761338.00	837901.00	940743.00	713976.00	1067472.00
SALES/ALL EMPLOYEES	81154.00	89037.00	89218.00	97637.00	71585.00	73672.00	68731.00	71789.00
SALES LESS MAT./FACT. EMP.	60789.00	68445.00	70184.00	78675.00	48080.00	49144.00	48699.00	51140.00
FINANCIAL POSITION								
CURR ASSETS VS CURR LIABIL.	2.15	2.36	2.41	3.05	1.90	2.17	1.70	2.40
LIABILITIES VS NET WORTH	1.07	0.65	0.84	0.62	1.35	0.76	1.82	0.80
DEBT VS EQUITY	0.53	0.30	0.42	0.30	0.66	0.28	0.88	0.35
PAYROLL								
PAYROLL/FACTORY EMPLOYEE	21500.00	21979.00	23137.00	24698.00	23739.00	18277.00	17926.00	16692.00
PAYROLL/ADMIN. EMPLOYEE	27096.00	29056.00	28313.00	29584.00	29664.00	35866.00	23476.00	24229.00
PAYROLL/SALES EMPLOYEE	24101.00	23937.00	26286.00	26731.00	23737.00	22092.00	20984.00	15055.00
PAYROLL/EMPLOYEE	22449.00	23211.00	23947.00	25424.00	24785.00	20886.00	18936.00	17981.00
PREPRESS % OF FACT. PAYROLL	10.72	10.88	11.05	10.70	9.40	11.70	10.88	11.20
PRESS % OF FACT. PAY.	27.28	28.83	29.52	29.23	22.86	31.00	24.10	26.18
COLL. OPER. % OF FACT. PAY.	16.75	18.07	17.67	19.52	13.97	15.16	16.74	13.63
GEN. BINDERY % OF FACT. PAY.	5.46	5.89	4.17	4.87	5.90	7.80	8.21	8.90
OVERTIME WAGE % OF FACT. PAY.	3.49	3.04	3.44	2.52	1.97	3.58	4.47	4.76
TAXES AND BENEFITS								
TAX & BENE./FACTORY EMP.	4173.77	4578.31	5030.42	5346.66	3357.00	2893.40	3132.74	3392.00
TAX & BENE./ADMIN. EMP.	5628.82	6062.29	6502.94	6895.18	4838.41	4399.61	4633.47	4845.97
TAX & BENE./SALES EMP.	5240.09	5610.80	6175.85	6444.97	3441.84	2948.23	3287.24	3445.93
TAX & BENE./EMPLOYEE	4501.02	4977.73	5485.81	5740.98	3735.75	3228.40	3593.31	3722.74
ASSET TURNOVER								
INVENTORY TURNOVER TIMES/YR	12.95	13.08	12.68	12.46	12.33	12.68	13.99	16.56
DAYS RAW MAT. IN INVENTORY	49.66	51.21	51.29	51.99	47.22	56.30	50.28	45.49
COLLECTION DAYS OF RECEIV.	43.94	45.03	45.99	47.65	37.67	35.90	42.05	39.31
INVESTMENT								
NET WORTH % OF FIXED ASSETS	110.82	145.74	126.66	152.48	94.85	148.01	78.79	117.31
AVG PLANT INVEST/FACT. EMP.	46755.79	53031.83	54042.58	60778.80	36898.79	29866.71	38438.93	44055.34
PROFIT								
GROSS PROFIT % OF SALES	22.60	24.98	24.78	26.64	17.31	19.97	20.08	21.92
INCOME BEFORE TAX % OF SALES	7.63	11.47	9.76	12.64	4.22	8.45	4.46	9.41
PROFIT % OF NET WORTH	28.85	31.37	30.36	31.69	21.00	25.43	25.87	32.21
CASH FLOW (ROI)	10.19	12.37	10.81	12.26	8.94	13.02	9.16	12.62
RETURN ON INVESTMENT	10.60	14.86	12.90	15.75	6.63	11.79	6.47	12.28

KEY RATIO ANALYSIS

What makes a particular firm a profit leader? What makes another firm a profit laggard or a middling also-ran? These are the questions that cause companies to participate in ratio studies and other market research programs. Unfortunately, ratio analysis alone will never answer such questions. There are too many other variables that change the meaning though not the numerical measurement of pre-tax nets. However, a study of industry ratios can improve your firm's performance and give you greater understanding of your firm and your industry.

This section presents ranges for some of the key line items in the standard chart of accounts. Medians and averages are useful, but few firms will ever find their results are on the statistical mid-point. Ranges allow you to see whether your own firm's deviations are fairly typical or seriously wide of the mark.

The Range:



The Range: is the difference between the largest and smallest values.

Upper Quartile: is the range of values between the 75th percentile and the highest value, thus containing the values of the upper quarter of the participants.

Lower Quartile: is the range of values between the 25th percentile and the lowest value.

Median: is the value at the 50th percentile, where half of all the values are lower and half are higher. Similar to but not the same as an average.

The Middle 50%: contains half the values below the median and half above it; is usually a good technique for eliminating extremes.

The following tables provide ranges for selected line items, with data broken down by distribution channel and company size.

GROSS PROFIT

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	6.5	17.6	19.1	23.7	35.1
Direct	18.5	19.6	26.5	29.4	42.8
Company Size					
Under $3 million	6.5	18.1	20.4	25.2	30.3
$3-8 million	15.9	19.3	22.2	26.5	42.4
$8-15 million	13.9	18.5	20.1	27.6	37.2
Over $15 million	13.4	19.6	23.6	31.3	42.8

NET PRE-TAX INCOME AS A PERCENT OF SALES

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	(9.2)	3.7	7.5	8.1	20.5
Direct	(4.9)	2.1	4.7	8.0	21.5
Company Size					
Under $3 million	(9.2)	0.7	2.5	3.4	8.5
$3-8 million	(9.8)	1.4	4.3	6.3	21.6
$8-15 million	0.9	2.9	9.8	10.9	20.5
Over $15 million	(3.4)	1.9	5.3	8.9	18.5

RETURN ON INVESTMENT (ROI)

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	(3.95)	4.18	9.89	11.01	29.90
Direct	(8.33)	3.45	8.81	12.65	37.54
Company Size					
Under $3 million	(136.21)	3.38	3.89	8.31	12.86
$3-8 million	(5.98)	2.03	7.52	10.43	37.54
$8-15 million	3.24	7.51	12.65	18.58	29.90
Over $15 million	(8.33)	3.14	5.67	14.05	21.13

GROSS INCOME PER EMPLOYEE

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	13,901	29,577	43,842	59,504	91,437
Direct	16,909	31,424	44,309	63,911	89,150
Company Size					
Under $3 million	20,191	28,697	40,105	59,841	74,582
$3-8 million	13,901	33,018	43,531	60,243	89,150
$8-15 million	16,909	35,750	46,321	63,999	91,437
Over $15 million	17,589	31,424	45,260	58,823	89,249

COLLECTION DAYS OF RECEIVABLES

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	0	27	42	55	74
Direct	26	38	48	54	73
Company Size					
Under $3 million	0	31	41	47	55
$3-8 million	24	35	47	53	73
$8-15 million	27	40	49	55	74
Over $15 million	39	44	48	56	78

NET WORTH AS PERCENT OF FIXED ASSETS

	Low	25%	Median	75%	High
Distribution Channel					
Indirect	(68.6)	53.9	100.2	160.2	352.5
Direct	9.5	59.9	115.4	205.0	622.8
Company Size					
Under $3 million	0.0	39.7	91.1	140.6	278.7
$3-8 million	(13.3)	53.9	98.7	166.9	344.3
$8-15 million	(68.6)	62.0	171.1	278.7	622.8
Over $15 million	(45.3)	59.7	109.6	188.9	335.4

COST OF PRODUCTION ANALYSIS

The overall ratios in this report and the individual ratios mailed to each participant all set the value of sales equal to 100 and analyze costs and profits as a percentage of that value. Because the different marketing channels and product specialties in this industry can create snarply different costs of sales and gross profit percentages, the real differences are not always apparent.

Another way to look at the results is on a cost of production basis. In this analysis the total cost of production is set equal to 100 and the line items which comprise it are computed as percentages. In many cases this analysis gives the best comparison of manufacturing efficiencies.

Thc following table provides a cost of production analysis for the overall sample and by sales volume, distribution channel, and main product line.

COST OF PRODUCTION ANALYSIS

	Materials						
	Paper	Carbon	Other	Total Materials	Factory Payroll	Other Factory	TOTAL
ALL FIRMS	48.2	4.5	7.7	60.4	26.5	13.1	100.0
Leaders	51.2	4.5	6.6	62.3	25.3	12.4	100.0
By Company Size							
Under $3 million	43.1	3.8	8.0	54.9	28.8	16.3	100.0
$3-8 million	43.0	5.3	8.5	56.7	29.1	14.2	100.0
$8-15 million	44.5	4.5	9.9	58.9	27.7	13.4	100.0
Over $15 million	50.3	4.3	7.0	61.6	25.6	12.8	100.0
By Distribution Channel							
Direct	47.3	4.1	9.5	60.9	25.9	13.2	100.0
Indirect	44.7	4.7	5.0	54.4	31.3	14.3	100.0
By Product							
Direct							
Custom Continuous	38.8	3.1	15.1	57.4	27.7	14.9	100.0
Unit Sets	42.3	1.5	5.9	49.7	37.4	12.9	100.0
Mixed Product	47.9	4.3	9.3	61.5	25.4	13.1	100.0
Indirect							
Custom Continuous	44.3	4.1	5.7	54.1	31.7	14.2	100.0
Unit Sets	44.7	6.5	3.9	55.1	30.1	14.8	100.0
Mixed Product	44.0	5.1	4.8	53.9	30.5	15.6	100.0

VALUE ADDED ANALYSIS

Another way of examining the ratios is to separate the cost of items the company buys from what the company puts into the finished product, i.e., value added. Value added is the reflection of management's ability to successfully produce and sell the company's products. It is value added, not sales, that enables companies to meet the payroll, invest in equipment, and generate working capital for growth. In short, value added is what the company is all about.

	All Firms		Profit Leaders*	
Sales	100.0		100.0	
Materials	44.6		44.7	
Value Added	55.4	100.0	55.3	100.0
Factory Payroll		35.1		32.5
Factory Expense		17.3		16.1
Admin. Expense		13.3		12.5
Selling Expense		21.4		21.3
Operating Profit		12.1		18.0

*companies with Return on Sales of 8% or better.

As the above table illustrates, suppliers take about 45% of the average firm's sales dollar, leaving 55% of that dollar within management's control. Of course, that share varies among companies, often depending on the product line.

After product differences, the next major difference in value added among companies comes from market channel orientation, since direct sales companies retain all of the value added that dealer sales companies must share with the distributor. A third major source of higher value added comes from pricing. Finally, the profit aspect of value added reflects the intrinsic value to the customer that the company has built into the product or the efficiency with which managers have organized to make the product.

APPENDIX A

USING THE RATIO STUDY

USING THE RATIO STUDY

The Ratio Study provides useful, perhaps invaluable, information on how a group of different companies have performed under a variety of conditions. Proper analysis of these ratios can provide your company with money-saving, profit-making ideas. Improper use of the ratios can lead to disaster.

The Key to Successful Use of the Ratio Study is to Recognize That There Will be Differences Between Your Company and the Ratio Averages.

These differences are because of the products you sell, the way you market, or the size of your operation. Other differences exist because of the way you have organized your company and directed its resources to getting the job done. The different arrays in the Ratio Study help to take these things into account. These are the differences you ought to be looking for in the ratios.

The Law of Exception states that the key to controlling your company is identifying the differences between your firm and the industry and then determining why your firm is an exception.

Observe the Rules for Ratio Analysis.

Any analysis of the ratios should go beyond the numbers themselves; it should include a look at the numbers that go into computing the ratio, as well as the formula for computation. The following rules should help you avoid being misled by the numbers.

- Compare like items and numbers. Make sure that your accounts follow the IBFI Chart of Accounts so that each line item is comparable to the ratio averages. This chart of accounts is included at the end of the book.

- Analyze all substantial deviations from the norm, both highs and lows. There are two messages in this rule. The first is not to squander time on small differences. You might want to limit analysis to only those items where you are some percentage, like 25% for instance, higher or lower than norm. The second point is to look at both highs and lows. Many ocmpanies tend to look at only the items where they exceed the ratios, forgetting that low items may point to some strength that could be used to advantage.

- Ignore isolated numbers. Look at more than one ratio before coming to any conclusions.

- When investigating a particular ratio, look at both the numerator and the denominator. A ratio is made up of one number divided by another, either one of which could be the source of the deviation.

- Recognize compensating advantages. Salaries and benefits to owners of closely-held companies, for instance, may be higher than those paid to managers of publicly-held companies while profits may be lower.

- Consider seasonal variations. The industries you serve may have a different cycle than the norm.

- Critically review trends. Look at the direction of changes in your ratios over a number of years, not just a single year.

- Be aware that financial statement figures may be misleading. Remember that assets on the balance sheet are valued at their book, as opposed to market values, and that accounting income is not the same as actual income (due to the distortions introduced by the depreciation rules and other factors).

- Lastly, do not restrict the analysis of your company to ratio analysis. Ratio analysis is just one tool for assessing a company's performance. It should be supplemented by other tools, such as cash flow analysis and market research.

Consider Several Sources When Investigating Differences Between Ratios. Any of a number of factors may be the source of a difference between your company's figure and the industry standard for a particular ratio. The most likely sources are the following:

- Product Complexity -- Generally, increasing product complexity means higher value added. It could also explain why some cost centers, where the complex work is done, are higher than average while others are lower. More complexity may also require higher capital investment, more highly skilled, higher paid people, or more working capital.

- Manufacturing Capabilities -- The resources that a firm has available in terms of equipment and people not only impact the levels of costs and investment but also may account for different distribution of costs among various cost centers.

- Production Management -- The way a company has organized its resources and its approach to each particular job affects value added, profitability, working capital requirements -- in fact, just about every ratio there is.

- Markets Served/Market Strategies -- Marketing decisions affect the kind of work that comes in, how well it fits the company's capabilities, how profitable it will be, and even how the product will be made. Marketing strategies will also impact on working capital requirements and capital investment decisions.

Take a Constructive Approach to Analysis of the Ratios.

Once you are sure of the numbers behind the differences, the hardest task is figuring out the reasons for these differences in a constructive way. That means not making qualitative judgements about whether the differences are good or bad and especially not putting anyone on the defensive.

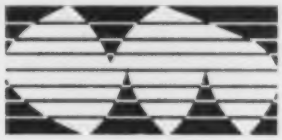
A well-regarded forms executive described his very simple approach to the ratios. He grouped his various cost centers according to the ratio chart of accounts. He then removed his company's information from the ratio averages. (A simple process, since the ratios are unweighted averages. Simply multiply the published ratio by the number of firms, subtract your ratios from that result and divide by the number of firms minus yours.) He compared the results to find any that differed from his, even in different size companies. Then he tried to figure out why or how the differences occurred.

The managers in his company with the responsibility for each cost center were given his facts and analyses of the results, but were not put on the defensive. He described the process as kind of a game which resulted in a healthy approach to improvement, better efficiency, and sometimes lower costs.

APPENDIX B

IBFI CHART OF ACCOUNTS AND RATIO STUDY QUESTIONNAIRE

International Business Forms Industries, Inc.



STANDARD CLASSIFICATION OF ACCOUNTS FOR BUSINESS FORMS COMPANIES

I. **Net Sales** -- The balance of Gross Sales for the period less Cash Allowances and Sales Discounts Earned is Net Sales.

A-E. **Business Forms Manufactured and Sold** -- Net sales of forms and printed products manufactured in your plant. Report separately the sales made through dealers and other manufacturers and the sales made directly to consumers.

G. **Forms Manufactured in Their Entirety by Others** -- Net sales of all forms sold by your company without further processing in your plant.

H. **Services and Other Products** -- Net sales of all non-printed products whether manufactured by your company or purchased for resale; and receipts for services provided and billed for such as inventory management, warehousing, systems design, etc.

II. **Employee Breakowns**

Classifying Employees:

Factory includes prepress personnel, machine operators and helpers, bindery personnel, maintenance and janitorial personnel, and any clerical staff that are concerned solely with production, e.g. production clerk-typists, production schedulers, inventory clerks, expediters, quality control and the like.

Administrative includes all executives or officers active in the business, their secretaries, all accounting personnel, receptionists/switchboard staff, all data processing personnel, all purchasing personnel, general file clerks, all employees of the personnel department, finished goods inventory personnel, and credit department.

Sales includes all salesmen, sales and/or marketing managers, any advertising personnel, sales service personnel, estimators, order writers, any clerical personnel assigned to the sales department and all shipping and delivery personnel.

Split duties: Personnel whose duties put them into more than one of the above categories should be split up according to a rough estimate of time, e.g. 1/3 to sales and 2/3 to production. Part-time employees should be counted as a fraction, e.g. 1/2 if an employee works a 20-hour week. Any employees who are considered to be full-time but are temporarily on short hours due to market or similar conditions should still be counted as full-time.

Operating Statement

Item

1 **VALUE OF PRODUCTION** -- Business Forms Manufactured and Sold.

Work in Process and Finished Goods ... Beginning of Period ... End of Period -- The inventory of work in process and finished goods at the beginning of the period is deducted from Net Sales, and the inventory of work in process and finished goods at the end of the period is added, to obtain the Value of Production for the period.

Direct Materials Used

2 Paper -- Including Carbonless Paper and Freight Expense -- Do not decrease the cost of paper by sale of scrap and plates. These proceeds should be included in other income (line 51).

3 Carbon Paper -- Includes freight expense. Include here the direct cost of carbon paper manufactured for your own use.

Item

4 Other Direct Materials -- Trade composition, binding, ink, cartons and other materials.

5 Outside Finished Products -- Cost of forms manufactured in their entirety by others and sold without further processing in your plant.

These accounts (items 2 through 5) adjusted for changes in raw material inventory, summarize the cost value of materials and outside purchases chargeable to customers or used to increase finished goods or work-in process inventories during the period.

Factory Payroll

7 Supervisory Salaries -- This account will be restricted to the compensation earned by the following factory personnel: Plant manager, plant supervisor and foreman (restricted to the following direct department foremen), prepress foreman, press foreman, collator foreman, and general bindery foreman, and an allocation of compensation earned by executives for time devoted to factory production, and to preparation and scheduling thereof.

Wages-Direct -- This account shows wages, to include vacations, holidays, sick pay, and overtime premiums paid to factory employees (including apprentices and helpers) directly engaged in production. The category has been broken down as follows: (See Item II, Employee Breakdowns, for classification of employees).

8 Prepress -- Artists, designers, strippers, hot and cold typesetters, camera operators, plate makers, and other preparatory department employees.

9 Press -- Press operators and helpers.

10 Collator Operators -- Roll collator operators and helpers.

11 General Bindery -- Operators of tippers, drills, stitchers, paper cutters, film or shrink-wrapping machines, wrappers, and packagers (do not include general shipping room labor when engaged only in placing product in the carton), belt folders, interleavers, and padders.

12 Total Paid to Direct Employees -- The total direct wages paid to employees including overtime amounts shown in item 13.

13 Direct Employee Overtime Wages -- Includes overtime and premium time pay. These amounts are to be included in item 12 above.

14 General Factory Salaries and Wages -- This account will be restricted to the wages of all factory employees other than those covered under supervisory salaries, wages direct, packing and shipping, and delivery wages. Wages should include compensation for vacations, sick leave, holidays, bonuses, and overtime premiums. Examples of employees in this category will be as follows: Warehouse and material handlers, baler operators, maintenance (plant and machine), janitorial help, watchmen, foreman of any nondirect labor department, secretaries to factory supervisors, production clerk/typists, order editors, production planners, production schedulers, production control, inventory clerk (raw materials), expeditors, change coordinators, job ticker and negative file clerks, quality control, and industrial engineers.

15 Packing, Shipping, and Delivery Wages -- This account includes shipping clerks, traffic and routing clerks, packers (not to be confused with packagers which are included in the direct wage account, general bindery), truck drivers, and shipping department foremen.

16 Payroll Taxes (Federal, state, local) -- This account is charged with government taxes for retirement, unemployment benefits, etc.

Item

17 Employee Benefits -- This account is charged with premiums or other expense of disability or sick benefit insurance or plans, life insurance, pension, retirement or profit-sharing plans, etc. as they cover factory employees.

18 Total Payroll -- does not include line 13.

FACTORY EXPENSES

Factory Fixed Expenses -- Only those which relate to manufacturing facilities.

19 Occupancy Expense -- Rent, heat, utilities, leasehold improvements, building depreciation and amortization, and building maintenance.

20 Insurance -- Real estate, property, and strike insurance.

21 Taxes -- Real estate and property.

22 Depreciation -- Current charge to accumulated depreciation accounts of fixed assets. Payments for rent or lease of machinery or equipment are, for purposes of this report, included as depreciation. (See Balance Sheet definitions, Fixed Assets)

23 Total Factory Fixed Expenses

24 Other Factory Supplies and Expenses

Prepress Supplies and Expense -- Film plates, chemicals, parts, repairs, etc.

Press Supplies and Expense -- Numbering machines, recovering rollers, fountain solutions, blankets, punches, dyes, perf wheels, parts, repairs, etc.

Collator Supplies and Expense -- Includes glue, perf rules, parts, repairs, etc.

General Bindery Supplies and Expense -- Supplies, boxes (not cartons), film wrap, staples, twine, etc.

Packing and Shipping Materials and Supplies -- Include freight cost in item 46.

26 FACTORY COST OF PRODUCTION -- This item is the sum of the Material Used, Factory Payroll, and Factory Expenses items noted above.

27 GROSS PROFIT - FORMS MANUFACTURING -- The credit remaining after deducting Factory Cost of Production from Value of Production - Forms Manufacturing.

OTHER OPERATIONS

Many predominantly business forms companies manufacture, and or sell other products and services. The sales value and costs of these other operations should not be included in the report on forms manufacturing activities. Alternately, the administrative and selling expenses incurred in these other activities often cannot be logically separated from the forms operation. This is also especially true of reporting the financial position on the balance sheet.

Item

For those companies which cannot logically separate these operations, the IBFI Standard Classification provides a standardized treatment of these items so that the ratios of all companies are roughly comparable.

28 Value of Other Products and Services -- Net sales (Item I. H) adjusted for changes in work in process and finished goods inventories.

If the value of these other products or services are included in the price of forms, (and therefore within Items I. A through E), and they are substantial enough to understate your Cost of Forms Manufacturing ratios, some separation from the sales and costs of forms is desirable. The Chart of Accounts recommends computing the Value of Other Products and Services by applying a reasonable or representative mark-up to the cost of producing or providing these products or services. Be sure that this computed Value of Other Products or Services is not also included in Item 1, Value of Production - Forms Manufacturing or in Item I. F, Business Forms Sales.

29 Cost of Other Products and Services -- The direct costs, excluding administrative and selling expenses, of producing or providing these other products or services.

30 Gross Profit - Other Products and Services -- The credit remaining after deducting costs from the value of these other operations.

31 Gross Profit - All Operations -- Item 27 plus Item 30. The ratio for Gross profit - All Operations and all following ratios are computed as a percent of Total Value of All Products and Services (Item 1 plus Item 28).

Administrative Expenses

32 Administrative Expenses - Salaries, Executive -- Includes total compensation paid to President, Treasurer, all officers active in the business, General Manager, Administrative Assistants, Controller, Accounting Supervisor, Credit Manager, Data Processing Supervisor, Director of Purchases, and Director of Personnel. If an executive spends a portion or all of his time in such areas as sales, or general plant superintendent, his salary should be allocated to those cost centers based on the percentage of time expended in each area.

33 Salaries, Office -- Includes office personnel such as secretaries to administrative executives, purchasing agent, billing clerk, bookkeeper, general file clerk, switchboard operator, data processing personnel, office manager, and finished goods inventory clerk.

34-35 Payroll Taxes - Employee Benefits -- These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to Administrative Employees.

36 General Office Expense -- This account covers all of the various general expenses such as office supplies and services (towels, minor repairs to office machines, etc.), stationery, postage, telephone and telegraph, legal and accounting fees, donations, dues, fees, and expenses of membership in trade and other associations (not primarily for selling), travel expense (not primarily for selling), space or occupancy expense, etc.

Item

37 Bad Debts -- This account provides for losses on uncollectible accounts. Some firms also include cost of credit reports, and collection expenses such as legal fees, court costs, etc.

Selling Expenses

39 Selling Expenses - Salaries, Executive -- Includes compensation to sales managers who do not primarily solicit sales, direct or dealer, marketing manager, sales trainer, sales administrator, sales promotion manager, advertising manager, and sales service manager.

40 Salaries and Commissions, Salesmen -- This account is charged with salesmen's salaries and commissions in connection with selling.

41 Sales, Sales Office Clerical -- Includes salaries of the estimator, sales service personnel, secretaries and stenographers working with sales, and order writers.

42-43 Payroll Taxes - Employee Benefits -- These accounts are charged with items similar to those listed under the same classifications in Factory Payroll, as they apply to Sales Department Employees.

44 Travel and Entertainment Expense -- Travel and miscellaneous expenses (such as entertainment of customers and prospects) are charged to this account.

45 General Selling Expense -- Space or occupancy expense, office supplies, telephone, etc.

46 Shipping and Delivery Expense -- This account includes such items as freight, express, parcel post, outside delivery services, etc. Report the net expense after delivery to the customer, i.e., the total difference between the amounts billed to the customer and the amounts paid for transportation expense to the customer.

47 Advertising -- Charge to this account the cost of mailing lists bought or compiled; the expense of preparing, printing, and mailing the firm's advertising; the cost of newspaper, radio or television advertising or promotion; directory, novelty, and other forms of advertising.

50 **OPERATING INCOME OR LOSS** -- This is the credit (Operating Profit) that remains after subtracting Total Administrative and Selling Expenses from Gross Profit. If the expenses exceed the Gross Profit, the difference is an Operating Loss.

Other Income and Expense

51-52 Other Income -- Include sale of scrap and plates in item 51.

54-55 Other Expense -- This category breaks out separately interest expense and miscellaneous other expenses.

57 Net Other Income or Expense -- This is the net difference between Other Income and Other Expense. If the net balance is Income, it is, of course, added to Operating Income; if the net balance is Expense, it is deducted from Operating Income.

58 **NET INCOME OR LOSS (before Income Taxes)**

Item

BALANCE SHEET

ASSETS

Current Assets

100 **Cash** -- This account shows cash in bank and on hand.

101 **Notes and Accounts Receivable** -- This account shows as a balance the face value of all notes and outstanding charges held against others.

102 **Allowance for Bad Debts** -- This makes provision for possible losses from uncollectible customers' accounts.

104-108 **Inventories** -- Raw Materials, Finished Products, Work in Process, and Other Inventories.

109 **Other Current Assets** -- Shows other current assets not already listed, such as prepaid expenses, etc.

Fixed Assets

111 **Real Estate, Land, Buildings** -- Represents the gross cost or value of these investments. For purposes of this report, leaseholder should capitalize their rental expense. In several states an acceptable formula is to multiply your annual rent by 8. The liability could be reported in item 98, long-term liabilities.

112 **Allowance for Depreciation on Buildings** -- Measures the estimated cumulative depreciation.

114 **Machinery and Equipment** -- Capitalize leases as in item 111.

115 **Allowance for Depreciation on Machinery and Equipment** -- Measures the estimated cumulative depreciation.

117 **Other Fixed Assets** -- This account shows all other fixed assets not listed above.

118 **Allowance for Depreciation on Other Fixed Assets** -- Measures the estimated cumulative depreciation.

121 **Other Assets** -- Covers any other assets not listed above.

LIABILITIES

Current Liabilities

123 **Notes Payable Within One Year** -- This account shows obligations of the business, such as negotiable paper or other written promises, which the firm is to pay within one year.

124 **Accounts Payable** -- Shows the liability of the business for the total of balances owed creditors and due currently.

125 **Other Current Liabilities** -- This account shows all other obligations payable within one year.

Item

127 Long-Term Debt -- This account shows long-term obligations of the business, in excess of one year (do not include current portions of debt).

128 Other Long-Term Liabilities -- Such as deferred taxes and deferred income.

131 NET WORTH -- This account equals total assets minus liabilities. It includes any of these capital accounts:

Corporation Capital Stock, Issued and Outstanding -- This account represents the aggregate par or stated value of the original and subsequent investments made by stockholders in the Common or Preferred Stock of a corporate form of business, less any subsequent redemptions.

Corporation Surplus and Undivided Profits (Retained Earnings) -- This account, usually found only on the books of a corporation, shows the cumulative earnings of the business not distributed as dividends and not specifically reserved for some definite purpose.

Proprietary Capital (Individual Proprietorship or Partnership) -- This account shows the present net worth or net capital of the individual proprietorship or partnership form of business.

CLASSIFYING EMPLOYEES

Part-Time Employees

One of the important facts shown in the IBFI Ratio Study is the number of full-time employees in the average firm. This is the basis for computing the highly significant Pay per Employee, and Production or Sales per Employee.

It is necessary, therefore, that your listing of the number of employees in your firm be reasonably accurate. Note that the information requested is the average number of *"full-time"* employees.

If your firm has a substantial number of part-time employees you should count them as a proportionate number of full-time employees. For example, if you have 20 part time employees who work an average of 3 months (¼ of a year), they would be equivalent (¼th of 20) to 5 full-time employees.

Split-Time Employees

It is also important that employees be classified correctly as between Factory, Administrative (office), and Selling. There are some employees whose functions overlap into two or more of these areas. For any employees, especially Executives, whose time and effort are divided between Factory (Production), Administrative and/or Selling, accuracy requires that their salaries or wages be split or apportioned accordingly.

If only a minor amount of the executive's or employee's time is split, he should be classed, and his entire wage or salary apportioned to his predominant function – Factory, Administrative, or Selling. Where a split is indicated, a reasonable estimate of the split or apportionment is all that is necessary. The same rule applies to allocating production employee time between departments or jobs.

Split-Time Employees - continued

Estimators: If their function is primarily to prepare estimates for sales purposes, they should be classed as Selling Clerical. If their time is split between preparing sales estimates (Selling), checking Job Cost Sheets and preparing them for billing (Administrative), and/or compiling production records and standards (Factory), their time (salaries) should be split and apportioned accordingly.

Production Control or Scheduling: Employees who schedule and follow jobs through production to completion and delivery, should be classed as General Factory regardless of whether the work is done in the plant or in the office.

Sales Expediters: Employees whose primary job is to take over from salesmen the details of job preparation (ordering art work, photos and photo-engraving, maintaining customer contact for copy, proofs, etc.), should be classed as Selling Clerical. If they also follow jobs through the plant for production or production scheduling (Factory), their time (salaries) should be split accordingly between Selling Clerical and General Factory.

Purchasing Agents: Employees who specify and order paper, ink, and other Materials and Factory Supplies, should be classed as General Factory.

In Classifying employees, the *function* of the employee is the important consideration, not where the work is performed. Where doubt exists as to classification or split, preference should be given first to Factory, then to Selling, and finally to Administrative.

Proprietor's and Partner's "Salaries"

Proprietors or Partners should always include in their expenses of the business an adequate "salary" for their services, even if it is not actually drawn regularly. Otherwise, the real comparable profits of an unincorporated business may be grossly overstated. Of course, these "salaries" must later be deducted from expense in making tax returns. But they should be included in the expenses shown in IBFI Ratio reports from proprietorships and partnerships.

These Proprietor's or Partner's "salaries" should always be apportioned between Factory, Administrative and Selling according to reasonable estimates of time spent on each of these phases of the business, as explained above.

Copyright, 1982, International Business Forms Industries, Inc./PIA
1730 North Lynn Street, Arlington, Virginia 22209

FISCAL YEAR 1985

OPERATING COST SCHEDULE FOR BUSINESS FORMS COMPANIES

International Business Forms Industries/PIA
1730 North Lynn Street
Arlington, Virginia 22209

Fiscal year ended _____

PLEASE!

Company code _____

Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

Zip code _____

Number of plants covered by this report _____

READ THE DEFINITIONS BEFORE COMPLETING THIS REPORT
COMPLETED QUESTIONNAIRES SHOULD BE RETURNED NO LATER THAN MARCH 21, 1986

	To Dealers		To Consumers		Total
I. Sales by Product and Distribution					
Business Forms:					
A. Continuous Custom	$_____	+	_____	=	$_____
B. Continuous Stock	$_____	+	_____	=	_____
C. Unit sets	_____	+	_____	=	_____
D. Sales/manifold books	_____	+	_____	=	_____
E. Commercial printing and other forms	_____	+	_____	=	_____
F. **Total products manufactured** *(sum of A-E)*	$_____	+	_____	=	$_____
G. Forms manufactured in their entirety by others	_____	+	_____	=	_____
H. Services and other products	_____	+	_____	=	_____
I. **Total Sales** *(sum of F-H)*	$_____	+	_____	=	$_____

II. Employee break-downs *(numbers of all paid employees including executives, partners, or owners):*

J. Factory *(average)* _____

K. Administrative *(average)* _____

L. Sales Department *(average)* _____

M. Total employees *(sum of J-L)* _____

III. Average Order Size--number of sets in an average order *(check one):*

☐ Under 10M ☐ 10-25M ☐ 26-50M ☐ 51-100M ☐ Over 100M

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

FORMS MANUFACTURING

Computation of Value of Production—Forms Manufacturing

	Omit Cents	Omit Cents
Net sales for latest fiscal year *(item F from page 1)*		
Less work in process and finished goods, beginning of year balances		
Add work in process and finished goods, end of year balances		
1a. Value of products manufactured		
1b. Outside purchases *(item G from page 1)*		
1. **Value of Production—Forms Manufacturing** *(1a. plus 1b.)*		
Cost of Production:		
Materials:		
2. Paper		
3. Carbon		
4. Other *(trade composition, binding, ink, carbons)*		
5. Outside finished products		
6. Total materials used *(sum of items 2-5)*		
Factory Payroll:		
7. Supervisory salaries		
Direct Wages *(including overtime but not payroll taxes or benefits)*		
8. Prepress		
9. Press		
10. Collator Operators		
11. General binders		
12. Total paid to direct employees *(sum of items 8-11)*		
13. Direct employee overtime wages *(included in 12 above)*		
14. General factory salaries and wages		
15. Packing, shipping, and delivery wages		
16. Payroll taxes for all employees		
17. Employee benefits for all employees		
18. Total factory payroll *(sum of items 7, 12, 14, 15, 16, 17; exclude line 13)*		
Factory Fixed Expenses:		
19. Occupancy expense		
20. Insurance		
21. Taxes *(real estate, property)*		
22. Depreciation		
23. Total factory fixed expenses *(sum of items 19-22)*		
24. Other factory supplies and expense		
25. Total factory expense *(sum of items 23, 24)*		
26. Total cost of production *(sum of items 6, 18, 25)*		
27. Gross profit—Forms Manufacturing *(item 1 less item 26)*		

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

	Omit Cents	Omit Cents
OTHER OPERATIONS		
28. Value of other products or services *(item H adjusted for changes in inventories)*		
29. Cost of other products or services		
30. Gross Profit–Other Products or Services *(item 28 less item 29)*		
Forms Manufacturing and Other Operations		
31. Total Gross Profit–All Operation *(item 27 plus or minus 30)*		
Administrative Expenses		
32. Salaries, executive		
33. Salaries, office		
34. Payroll taxes		
35. Employee benefits		
36. General office expense		
37. Bad debts		
38. Total administrative expense *(sum of items 32-37)*		
Selling Expense		
39. Salaries, executive		
40. Salaries and commissions, salesmen		
41. Salaries, sales office clerical		
42. Payroll taxes		
43. Employee benefits		
44. Travel and entertainment expense		
45. General selling expense		
46. Shipping and delivery expense		
47. Advertising		
48. Total selling expense *(sum of items 39-47)*		
49. Total administrative and selling cost *(items 38 and 48)*		
50. Operating income (loss) *(item 31 less item 49)*		
Other Income and Expense *(Please be sure to put negative items in parentheses)*		
51. Gross proceeds from sale of scrap		
52. Other income		
53. Total other income *(items 51 & 52)*		
54. Interest expense		
55. Other expense		
56. Total other expense *(items 54 & 55)*		
57. Net other income (expense) *(item 53 less item 56)*		
58. Net income (loss) before income taxes *(item 50 plus or minus item 57)*		

(OVER FOR BALANCE SHEET)

Enter a result for each line item
Put all negative figures in parentheses.
Check your work.
Be sure to keep a copy.

BALANCE SHEET
ASSETS

	Omit Cents	Omit Cents
Current Assets		
100. Cash		
101. Notes and accounts receivable		
102. Less allowance for bad debts		
103. Net receivables *(item 101 less item 102)*		
Inventories		
104. Raw materials		
105. Finished products		
106. Work in process		
107. Other inventories		
108. Total inventories *(sum of items 104-107)*		
109. Other current assets		
110. Total current assets *(sum of items 100, 103, 108, 109)*		
Fixed Assets		
111. Real estate *(land and building)*		
112. Less allowance for depreciation on buildings		
113. Net real estate *(item 111 less 112)*		
114. Machinery and equipment		
115. Less allowance for depreciation on machinery and equipment		
116. Net machinery and equipment *(item 114 less item 115)*		
117. Other fixed assets		
118. Less allowance for depreciation		
119. Net other fixed assets *(item 117 less item 118)*		
120. Total fixed assets *(items 113, 116, 119)*		
121. Other assets		
122. Total assets *(items 110, 120, 121)*		

LIABILITIES AND NET WORTH

Current Liabilities		
123. Notes payable within one year		
124. Accounts payable		
125. Other current liabilities		
126. Total current liabilities *(sum of items 123-125)*		
127. Long-term debt		
128. Other long-term liabilities		
129. Total long-term liabilities *(sum of items 127 and 128)*		
130. Total liabilities *(sum of items 126 and 129)*		
131. Total net worth *(item 122 less 130)*		
132. Total liabilities and net worth *(sum of items 130 and 131)*		

NAME OF PERSON TO CONTACT IN CASE OF QUERIES: _____